GOVERNMENT OF INDIA
MINES
LOK SABHA

UNSTARRED QUESTION NO:3079
ANSWERED ON:04.08.2016
Revenue Loss due to Lease Extensions of Mines
Puttaraju Shri C.S.

Will the Minister of MINES be pleased to state:

(a) whether the Union Government has assessed the revenue loss to the States before granting extensions of lease period of captive and non-captive mines;

(b) if so, the details thereof including the loss incurred to individual States, during the last three years;

(c) whether the Union Government has received any representation from the State Governments in this regard; and

(d) if so, the details thereof and the action being taken thereon?

Answer

(a) & (b): The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 was amended through the MMDR Amendment Act, 2015 which came into effect from 12th January, 2015. The most important aspect of the Amendment Act is the provision for the grant of mineral concessions only through the method of auction by competitive bidding. Renewals of leases have been prohibited and all leases will be subject to auction on expiry of the period thereof.

However, to obviate disruptions in supply of ore and to ensure regular supply of raw material to the industry especially in cases where downstream industries have been set up depending upon such leases and to provide for adequate time for preparatory activities, transition provisions for extension of period of existing mining leases have been provided. In the absence of such provisions, there would have been serious adverse effects on the economy. In this regard, the newly inserted section 8A has provisions which provide that period of mining leases granted before 12th January, 2015 will be deemed to be extended till the following period, whichever is later:

(i) 31st March, 2030 in case mineral is used for captive purpose, or 31st March, 2020 in case mineral is used for other than captive purpose;
(ii) completion of renewal period;
(iii) fifty years from date of grant of mining lease.

Since all such leases will also be subject to auction at the end of such extended periods, there is no revenue loss to the States.

(c) & (d): One comment in response to the MMDR Amendment Ordinance, 2015, was received pertaining to the extension of lease periods of existing leases. The MMDR Amendment Act, 2015, fully addresses the point raised in the comment.

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